

Morgan Stanley Institutional Fund Trust U.S. Small Cap Value Portfolio - Class I

Morgan Stanley Investment Management Inc., conducts a worldwide portfolio management business and provides a broad range of portfolio management services to customers in the United States and abroad.

EQUITY			
STYLE			
MARKET CAP	VALUE	BLEND	GROWTH

Asset Class: **Small/Mid/Specialty**

Category: **Small Value**

FUND FACTS

Inception date: **July 1, 1986**

Investment advisory fee for period ended September 30, 2007: **0.66%**

Other expenses: **0.18%**

Gross fund expense ratio for period ended September 30, 2007: **0.84%**

If offered through a retirement program, additional fees and expenses may be charged under that program.

Important Information

Category is interpreted by ING using Fund company and/or Morningstar category information.

The Portfolio or its affiliates may pay compensation to ING affiliates offering this Portfolio. Such compensation may be paid out of distribution, service and/or 12b-1 fees that are deducted from Portfolio assets, and/or may be paid directly by the Portfolio's affiliate. Any fees deducted from Portfolio assets are disclosed in the Fund Facts above and in the Portfolio's prospectuses. More information is included in the enrollment material.

A Redemption Fee may apply to any shares that are redeemed or exchanged within 30 days of acquisition (including acquisitions through exchanges). The Redemption Fee equals 2.00% of the net asset value of the shares redeemed or exchanged. Redemption Fees are paid to and retained by the Fund and are not sales charges (loads).

If you participate in an IRC Sections 403(b), 401 or 457 retirement plan funded by an SEC-registered group annuity contract, this material must be accompanied by the current Performance Update and a Prospectus Summary for the contract.

You should consider the investment objectives, risks, and charges and expenses of the investment options offered through a retirement plan carefully before investing. The prospectus contains this and other information. Please read the prospectus carefully before investing. You can obtain a free prospectus for the Fund and/or the separate account prior to making an investment decision or at any time by contacting your local representative or 1-800-262-3862. If a different toll-free number is

shown on the first page of the Prospectus Summary or in your enrollment material, please call that number.

Investment Adviser

Morgan Stanley Investment Management Inc.,

Portfolio Manager

Managed by a team of portfolio managers comprised of Managing Director, Richard Glass and Executive Director, Alexander Yaggy.

Investment Objective

The U.S. Small Cap Value Portfolio seeks above-average total return over a market cycle of three to five years.

Strategy

Under normal circumstances, at least 80% of the Portfolio's assets will be invested in common stocks of small cap companies traded on a U.S. securities exchange. This policy may be changed without shareholder approval. Under current market conditions, the Adviser considers a company to be a small cap company if it has a total market capitalization at the time of purchase of \$100 million to \$2 billion. The market capitalization limit is subject to adjustment annually based upon the Adviser's assessment as to the capitalization range of companies which possess the fundamental characteristics of small cap companies. Derivative instruments used by the Portfolio will be counted toward the 80% policy discussed above to the extent they have economic characteristics similar to the securities included within that policy. May invest up to 10% of its assets in REITs. May invest up to 10% of its assets in securities of foreign issuers, including issuers located in emerging market countries. The securities in which the Portfolio may invest may be denominated in U.S. dollars or in currencies other than U.S. dollars.

Principal Risks

The Portfolio's principal investment strategies are subject to the following principal risks:

The Portfolio is subject to various risks that could adversely affect its net asset value and total return. It is possible for an investor to lose money by investing in the Portfolio. The prices of common stocks rise and fall in response to events that affect entire financial markets or industries, and to events that affect a particular issuer. Investments in smaller companies may involve greater risk than investments in larger, more established companies. The securities issued by

smaller companies may be less liquid and their prices subject to more abrupt or erratic price movements. In addition, smaller companies may have more limited markets, financial resources and product lines, and may lack the depth of management of larger companies. The Adviser's perception that a stock is under-or over-valued may not be accurate or may not be realized. REITs pool investors' funds for investments primarily in real estate properties. Like mutual funds, REITs have expenses, including advisory and administration fees that are paid by their shareholders. The Portfolio's investments may be denominated in foreign currencies. As a result, changes in the value of country's currency compared to the U.S. dollar may affect the value of the Portfolio's investments. The Advisor may invest in certain instruments such as derivatives, and may use certain techniques, such as hedging, to manage these risks. The Advisor may use derivatives for other purposes, such as gaining exposure to foreign markets. Investments in foreign markets entail special risks such as currency, political, economic, and market risks. The risks of investing in emerging-market countries are greater than the risks generally associated with foreign investments.

Securities are offered through ING Financial Advisers, LLC (member SIPC) or other broker-dealers with which it has a selling agreement.

Morgan Stanley **ING** 

PORTFOLIO UPDATE

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Important Information

Past performance does not guarantee future results. For most recent month-end performance which may be lower or higher than the past performance data shown please call 1-800-262-3862. Investment return and the principal value of an investment will fluctuate so that, when sold, an investment may be worth more or less than the original cost.

Average annual total returns and calendar year returns are net of all fund expenses, but do not include retirement plan charges which, if included, would reduce the total return. Please see the accompanying Performance Update for standardized product level returns. Performance results assume reinvestment of all earnings and do not include the deduction of any fund sales charges, which are waived under the terms of this retirement program.

Fund Trading Issues

The fund industry has been under scrutiny because some fund managers have allowed improper market timing and late day trading. To review the practices and procedures regarding market timing and late day trading, please refer to the current prospectus and supplement(s) for each fund.

AS OF MARCH 31, 2008

(shown in percentages)

Fund Facts

Market Benchmark¹

Total Net Assets 725.0 million
Beta* 0.84

*Beta is a means of measuring the volatility of a security or portfolio of securities in comparison with a specified market index or benchmark. A beta of 1 indicates that the security's price will move with the market index or benchmark. A beta higher than 1 indicates that the price will be more volatile than the market index or benchmark and a beta of less than 1 means that it will be less volatile.

Top Ten Holdings

Maximus Inc	4.2
Drs Technologies Inc	3.5
Belden Inc	2.7
Rock-Tenn Co.	2.2
Sciele Pharma Inc	2.1
Brink's Co./the	2.1
Electronics For Imaging	1.9
Corn Products International in	1.8
Aar Corp	1.8
Max Capital Group Ltd	1.7

Top Industries/Sectors

Insurance	9.1
Business Services	8.6
Aerospace	8.3
Drugs	5.7
Misc. Industrials	5.4
Publishing & Broadcasting	4.6
Paper	3.8
Other	3.7
Telecom Equipment	3.4
Electronics	3.2

Asset Allocation

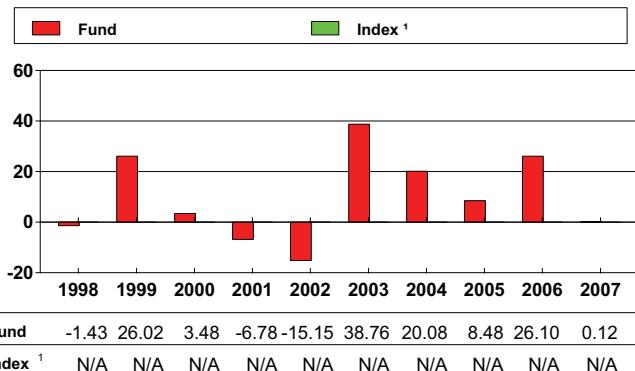
Common Stock	94.6
Mutual Fund	1.0
Cash And Cash Equivalent	4.8
Net Other Asset	-0.4

Average annual total returns

	Qtr [#]	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Fund	-5.48	-8.89	9.54	17.63	7.13	N/A
Index ¹	N/A	N/A	N/A	N/A	N/A	N/A

[#] Return Not Annualized

Calendar year returns for periods ended 12/31



²Performance shown does not reflect fee assessment on certain redemptions of Fund shares. A Redemption Fee may apply to any shares that are redeemed or exchanged within 30 days of acquisition (including acquisitions through exchanges). The Redemption Fee equals 2.00% of the net asset value of the shares redeemed or exchanged. Redemption Fees are paid to and retained by the Fund and are not sales charges (loads).

¹The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values. Please note that indexes are unmanaged and their returns do not take into account any of the fees and expenses of the mutual funds to which they are compared. Individuals cannot invest directly in any index.